

PATENT RIGHTS - RETENTION BY THE SUBCONTRACTOR (SHORT FORM)

[CT, FP – NR&D, FP – R&D, LH/T&M, FPC – 03/08] [FAR 52.227-11 – 06/97]

(a) Definitions.

- (1) "Invention" means any invention or discovery which is or may be patentable or otherwise protectible under Title 35 of the United States Code (U.S.C.) or any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.).
- (2) "Made" when used in relation to any invention means the conception or first actual reduction to practice of such invention.
- (3) "Nonprofit Organization" means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.
- (4) "Practical Application" means to manufacture in the case of a composition of product, to practice, in the case of a process or method, or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
- (5) "Small Business Firm" means a small business concern as defined at Section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this Article, the size standard for small business concerns involved in Government procurement and Lower-tier subcontracting, at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.
- (6) "Subject Invention" means any invention of the Subcontractor conceived or first actually reduced to practice in the performance of work under this Subcontract, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d)) must also occur during the period of Subcontract performance.
- (7) "Contracting Officer" has the meaning set forth under Article GP-1, "Definitions." The Contracting Officer has designated the Patent Counsel and the Technology Utilization Officer, NASA Management Office, 4800 Oak Grove Drive, Pasadena, California 91109, as the representatives for the administration of the "Patent Rights" Article of this Subcontract. All correspondence pertaining thereto shall be addressed to the Technology Utilization Officer unless transmitted in response to correspondence from the Patent Counsel. See (f) (5) (A) and (B) below regarding the requirement to send copies of transmittal letters to the JPL Office of Patents and New Technology and to the cognizant JPL Subcontract Manager.

(b) Allocation of Principal Rights. The Subcontractor may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this Article and 35 U.S.C. 203. With respect to any subject invention in which the Subcontractor retains title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

(c) Invention Disclosure, Election of Title and Filing of Patent Application by Subcontractor.

- (1) The Subcontractor will disclose each subject invention to the Contracting Officer within two months after the inventor discloses it in writing to Subcontractor personnel responsible for patent matters. The disclosure to the Contracting Officer shall be in the form of a written report and shall identify the Subcontract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological, or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the Contracting Officer, the Subcontractor will promptly notify the Contracting Officer of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Subcontractor.
- (2) The Subcontractor will elect in writing whether or not to retain title to any such invention by notifying NASA within two years of disclosure to NASA. However, in any case where publication, on sale or public use has initiated the one year statutory period wherein valid patent protection can still be obtained in the United

States, the period for election of title may be shortened by the Contracting Officer to a date that is no more than 60 days prior to the end of the statutory period.

- (3) The Subcontractor will file its initial patent application on a subject invention to which it elects to retain title within one year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Subcontractor will file patent applications in additional countries or international patent offices within either 10 months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.
 - (4) Requests for extension of the time for disclosure election, and filing under subparagraphs (c)(1), (2), and (3) of this Article, may, at the discretion of the Contracting Officer, be granted.
 - (5) The Subcontractor may use whatever format is convenient to disclose subject inventions required in subparagraph (c)(1). NASA prefers that the Subcontractor use either the electronic or paper version of NASA Form 1679, Disclosure of Invention and New Technology (Including Software) to disclose subject inventions. Both the electronic and paper versions of NASA Form 1679 may be accessed at the electronic New Technology Reporting Web site <http://invention.nasa.gov>.
- (d) Conditions When the Government May Obtain Title. The Subcontractor will convey to NASA, upon written request, title to any subject invention:
- (1) If the Subcontractor fails to disclose or elect title to the subject invention within the times specified in paragraph (c) above, or elects not to retain title; provided that NASA may only request title within 60 days after learning of the Subcontractor's failure to disclose or elect within the specified times;
 - (2) In those countries in which the Subcontractor fails to file patent applications within the times specified in paragraph (c) of this Article; provided, however, that if the Subcontractor has filed a patent application in a country after the time specified in paragraph (c) of this Article but prior to its receipt of the written request of the Contracting Officer, the Subcontractor shall continue to retain title in that country;
 - (3) In any country in which the Subcontractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in re-examination or opposition proceeding on, a patent on a subject invention.
- (e) Minimum Rights to Subcontractor and Protection of the Subcontractor Right to File.
- (1) The Subcontractor will retain a nonexclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title, except if the Subcontractor fails to disclose the invention within the times specified in paragraph (c) of this Article. The Subcontractor's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Subcontractor is a party and includes the right to grant sublicenses of the same scope to the extent the Subcontractor was legally obligated to do so at the time the Subcontract was awarded. The license is transferable only with the approval of NASA except when transferred to the successor of that part of the Subcontractor's business to which the invention pertains.
 - (2) The Subcontractor's domestic license may be revoked or modified by NASA (the funding Federal agency) to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR Part 404 and NASA licensing regulations (if any). This license will not be revoked in that field of use or the geographical areas in which the Subcontractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of NASA (the funding Federal agency) to the extent the Subcontractor, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.
 - (3) Before revocation or modification of the license, NASA (the funding Federal agency) will furnish the Subcontractor a written notice of its intention to revoke or modify the license, and the Subcontractor will be allowed 30 days (or such other time as may be authorized by NASA for good cause shown by the Subcontractor) after the notice to show cause why the license should not be revoked or modified. The Subcontractor has the right to appeal, in accordance with applicable regulations in 37 CFR Part 404 and NASA regulations (if any) concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of the license.

(f) Subcontractor Action to Protect the Government's Interest.

- (1) The Subcontractor agrees to execute or to have executed and promptly deliver to the Contracting Officer all instruments necessary to:
 - (A) Establish or confirm the rights the Government has throughout the world in those subject inventions to which the Subcontractor elects to retain title; and
 - (B) Convey title to NASA when requested under paragraph (d) of this Article and to enable the Government to obtain patent protection throughout the world in that subject invention.
- (2) The Subcontractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Subcontractor each subject invention made under Subcontract in order that the Subcontractor can comply with the disclosure provisions of paragraph (c) of this Article, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by subparagraph (c)(1) of this Article. The Subcontractor shall instruct such employees, through employee agreements or suitable educational programs, on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to United States or foreign statutory bars.
- (3) The Subcontractor will notify the Contracting Officer of any decisions not to continue the prosecution of a patent application, pay maintenance fees, or defend in a re-examination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.
- (4) The Subcontractor agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statement: "This invention was made with Government support under a Prime Contract between the Institute and NASA and JPL Lower-tier Subcontract no. [Note: Insert number of this JPL Subcontract]. The Government has certain rights in the invention."
- (5) The Subcontractor shall provide the Contracting Officer (A) through (D) below. Copies of transmittal letters for (A) and (B) below shall be sent to the JPL Office of Patents and New Technology (OPANT) and to the cognizant JPL Subcontract Manager.
 - (A) A listing every 12 months (or such longer period as the Contracting Officer may specify) from the date of the Subcontract, of all subject inventions required to be disclosed during the period.
 - (B) A final report prior to closeout of the Subcontract listing all subject inventions or certifying that there were none.
 - (C) Upon request, the filing date, serial number, and title, a copy of the patent application, and patent number and issue date for any subject invention in any country in which the Subcontractor has applied for patents.
 - (D) An irrevocable power to inspect and make copies of the patent application file, by the Government, when a Federal Government employee is a co-inventor.

(g) Lower-tier Subcontracts.

- (1) The Subcontractor will include this Article, suitably modified to identify the parties, in all Lower-tier Subcontracts, regardless of tier, for experimental, developmental, or research work to be performed by a small business firm or domestic nonprofit organization. The Lower-tier Subcontractor will retain all rights provided for the Subcontractor in this Article, and the Subcontractor will not, as part of the consideration for awarding the Lower-tier Subcontract, obtain rights in the Lower-tier Subcontractor's subject inventions.
- (2) The Subcontractor shall include the clause in the NASA FAR Supplement at 18-52.227-70, New Technology, suitably modified to identify the parties, in all Lower-tier Subcontracts, regardless of tier, for experimental, developmental, research, design, or engineering work to be performed by other than a small business firm or nonprofit organization.
- (3) In the case of Lower-tier Subcontracts, at any tier, NASA, the Lower-tier Subcontractor, and the Subcontractor agree that the mutual obligations of the parties created by this Article constitute a Subcontract between the Lower-tier Subcontractor and NASA with respect to the matters covered by this Article;

provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes Act in connection with proceedings under paragraph (j) of this Article.

- (h) Reporting on Utilization of Subject Inventions. The Subcontractor agrees to submit, on request, periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Subcontractor or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Subcontractor, and such other data and information as NASA may reasonably specify. The Subcontractor also agrees to provide additional reports as may be requested by NASA in connection with any march-in proceeding undertaken by NASA in accordance with paragraph (j) of this Article. As required by 35 U.S.C. 202(c)(5), NASA agrees it will not disclose such information to persons outside of the Institute and the Government without permission of the Subcontractor.
- (i) Preference for United States Industry. Notwithstanding any other provision of this Article, the Subcontractor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any product embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by NASA upon a showing by the Subcontractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.
- (j) March-in Rights. The Subcontractor agrees that, with respect to any subject invention in which it has acquired title, NASA has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of NASA to require the Subcontractor, an assignee or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Subcontractor, assignee, or exclusive licensee refuses such a request, NASA has the right to grant such a license itself if NASA determines that:
 - (1) Such action is necessary because the Subcontractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;
 - (2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Subcontractor, assignee, or their licensees;
 - (3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Subcontractor, assignee, or licensees; or
 - (4) Such action is necessary because the agreement required by paragraph (i) of this Article has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.
- (k) Special Provisions for Subcontracts with Nonprofit Organizations. If the Subcontractor is a nonprofit organization, it agrees that:
 - (1) Rights to a subject invention in the United States may not be assigned without the approval of NASA, except where such assignment is made to an organization which has as one of its primary functions the management of inventions; provided, that such assignee will be subject to the same provisions as the Subcontractor;
 - (2) The Subcontractor will share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when NASA deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;
 - (3) The balance of any royalties or income earned by the Subcontractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific research or education; and
 - (4) It will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms, and that it will give a preference to a small business firm when licensing a subject invention if the Subcontractor determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided that the Subcontractor is also

satisfied that the small business firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Subcontractor. However, the Subcontractor agrees that the Secretary of Commerce may review the Subcontractor's licensing program and decisions regarding small business applicants, and the Subcontractor will negotiate changes to its licensing policies, procedures, or practices with the Secretary of Commerce when the Secretary's review discloses that the Subcontractor could take reasonable steps to more effectively implement the requirements of this subparagraph (k)(4).

- (l) Communications. The NASA central point of contact for communications or matters relating to this Article is the Contracting Officer.